

## REMARKS

### I. Introduction

Claims 1-22 are pending in the application.

Claims 1-22 were rejected under 35 U.S.C.

§ 103(a) as being unpatentable over May, U.S. Patent No. 6,317,727 ("May").

The rejections are respectfully traversed.

### II. Reply to the Rejection Under 35 § 103(a)

Applicants' independent claims 1 and 12 relate to a system and method for monitoring credit of a counterparty having a parent entity. Trade information relating to trades entered into by the counterparty are received. Positions for the counterparty indicated by the trade information are accumulated with previously accumulated positions. Positions for the parent entity indicated by the trade information are accumulated with previously accumulated positions. As discussed in the applicants' Background of the Invention, a position is the "monetary total amount of trades that have been entered into so far" (Applicant's Specification, page 4, lines 1-5). At least one of accumulated counterparty positions and accumulated parent entity positions are compared with at least one trading limit. Trading for the counterparty is shut off when at least one of the accumulated counterparty positions and the accumulated parent entity positions exceeds the at least one trading limit.

The Office Action contends that applicants' claimed features are obvious over May. Applicants respectfully disagree. May is directed towards a credit monitoring system based on the credit preferences inputted by each counterparty. As defined in May, credit

preferences are used to determine whether parties to a transaction are eligible to trade with each other. Transaction eligibility may be determined by, for example, simply indicating yes or no to trade with a particular party. (See May, column 5, line 49 to column 6, line 11).

In an attempt to show applicants' claimed feature of "accumulating positions for the parent entity indicated by the trade information with previously accumulated positions," the Office Action points to column 46, lines 14-29 of May. May discusses that counterparties may be divided into individual business units. To paraphrase the example provided in May, a counterparty referred to as bank A may have business units C, D and E and a counterparty referred to as bank B may have business units X, Y and Z. May allows each of bank A's business units to set their own credit preferences for the counterparties with which the business units trade. May, however, requires that the credit preferences apply to all of the business units within the bank. For example, business unit C of bank A may set its credit preferences such that business unit C would not trade with business unit Y of bank B. Based on the requirements provided in May, this preference must also apply to business units X and Z which are part of bank B. Thus, business unit C could not trade with business units X and Z because it has chosen not to trade with business unit Y. May refers to this as "inherit[ing] the credit preferences from other business units in the same legal entity family." (See May, column 46, lines 14-29). It appears that the Office Action is using the concept of inheriting credit preference to show or suggest applicants' feature of accumulating positions.

Applicants submit, however, that inheriting credit preferences does not show or suggest "accumulating positions for the parent entity indicated by the trade information with previously accumulated positions." As discussed above, positions refer to the monetary total amount of trades that have been entered into so far for a particular party. Credit preferences in May, on the other hand, refer to a choice of which business units a counterparty wishes to trade. Therefore, credit preferences as disclosed in May does not show or suggest "accumulating positions for the parent entity" as required in applicants' claims.

Applicants further submit that May does not show or suggest "shutting off trading for the counterparty when at least one of the accumulated counterparty positions and the accumulated parent entity positions exceeds the at least one trading limit." May discloses in its Background of Invention that in a prior art system a "credit limit" functions to cap the monetary amount of trading one party can transact with another party. If the amount exceeds the credit limit, May appears to disclose preventing the transaction between the parties. (See May, column 2, lines 27-39). This, however, only shows preventing a specific transaction between specific parties. Applicants' claims, on the other hand, require shutting off trading for a counterparty, which means that all transactions are prevented, not just a specific transaction between specific parties.

In addition, applicants respectfully submit that the Office Action has failed to point to any suggestion or motivation to modify May to include the features of applicants' invention, as defined by independent claims 1

and 12. It is required that "[e]ven when obviousness is based on a single prior art reference, there must be a showing of a suggestion to modify the teachings of that reference." In re Kotzab, 217 F.3d 1365, 1370, 55 U.S.P.Q. 1313, 1316-1317 (Fed. Cir. 2000) (emphasis added).

However, even assuming that there were some teaching or suggestion in the prior art of the claimed invention, which there is not, the Office Action fails to provide any motivation to modify the system described in May. The teaching or suggestion to make the claimed combination must be found in the prior art, not in applicant's disclosure. In re Vaeck, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991).

Therefore, because May fails to show or suggest "accumulating positions for the parent entity indicated by the trade information with previously accumulated positions" and "shutting off trading for the counterparty when at least one of the accumulated counterparty positions and the accumulated parent entity positions exceeds the at least one trading limit" as defined by independent claims 1 and 12, and because there is no suggestion or motivation to modify May to include all the features recited in independent claims 1 and 12, independent claims 1 and 12 are in condition for allowance. Claims 2-11 and claims 13-22 which depend from independent claims 1 and 12, respectively, are also in condition for allowance. Applicants respectfully submit that the rejection of the claims be withdrawn.

III. Conclusion

The foregoing demonstrates that applicants' claims 1-22 are patentable. This application is therefore in condition for allowance. Reconsideration and allowance of this application are respectfully requested.

Respectfully submitted,



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